

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re

L.I.D., LTD.

Debtor.

Docket No. 07-10725

New York, New York

August 10, 2007

TRANSCRIPT OF CHAPTER 11 CONT'D. FINAL HEARING
RE USE OF CASH COLLATERAL
BEFORE THE HONORABLE JAMES M. PECK
UNITED STATES BANKRUPTCY JUDGE

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INDEX

WITNESSES

DIRECT

CROSS

REDIRECT

RECROSS

No witnesses

EXHIBITS DESCRIPTION

MARKED

RECEIVED

No documents

1 MR. SWERGOLD: Good, Your Honor. Well, it's deja vu
2 all over. It's raining, we're here. I am happy to report that
3 -- and I apologize for keeping the Court waiting. We had the
4 usual matter of banks having to get -- contacting their clients,
5 that we have a consensual cash collateral order.

6 I am going to go back to my office. I have to make
7 two changes to the budget. We've made all the changes here, so
8 there's no scribbling to be done or changes to be made on that
9 order. I'm just going to send out the email with a redline.
10 I've told everyone what changes I'm making to the budget. It's
11 just I forgot to bring it in Excel on my computer. I only have
12 it in PDF. And we should be good.

13 The CRO process is moving forward. We have put some
14 hard dates in it. I don't think we need to go through the terms
15 of what's in there that we've worked out, but it's been a long
16 and difficult negotiation. But hopefully this puts just about
17 everything to bed.

18 THE COURT: Okay, now, in terms of what happens today,
19 do you have an order that I can enter that has everybody's
20 blessing, or do the changes that you've referred to that need to
21 be made to the budget, need to be reviewed and approved before I
22 can enter an order?

23 MR. SWERGOLD: No, I don't think so. I'll say right
24 now because some people might have been here. The only changes
25 that are being made to the budget is for the professional -- we

1 don't have -- for the professional fees, my client just put in a
2 set number. I'm not changing the total amount, which is in the
3 cap. Just because of what went on in July and we have to file
4 fee-ops (phonetic). There's going to be more due in August and
5 September and than less. So, I'm just -- we can rollover, but
6 we can't roll back. So, I'm just changing the allocation of
7 that number. And we've all agreed that we're taking the total
8 for the year out just because it's confusing because it includes
9 the whole year, including the pre-petition period of what was
10 done on the accounting system. Those are the only changes.

11 In terms of everything else in the order, everything
12 has been reviewed and everything's agreed. So, I think just --
13 I'm going to send it out with those two changes. I don't think
14 there's anything that has to be reviewed. Everybody is okay
15 with the terms, so you should be able to enter that order for
16 that.

17 THE COURT: Okay, do you have something to hand up?

18 MR. SWERGOLD: I don't, Your Honor, because we've made
19 the changes on the laptop here now, and it's still redlined so I
20 want -- and I don't have the right budget. So, I can email it
21 in. Given the rain, I should back in my office in about two and
22 half hours. I can email it in.

23 THE COURT: This will probably be entered then on
24 Monday.

25 MR. SWERGOLD: Okay. That's -- I think everyone is

1 okay with -- we changed all the dates in it to be hard dates not
2 to run from the entry of the order, so that doesn't really
3 change anything.

4 THE COURT: Fine.

5 MR. SWERGOLD: And I think we can have everyone's
6 consent to us using cash collateral until Monday based on the
7 terms in the proposed order.

8 MR. FLYNN: Fine.

9 MR. SCHMIDT: Fine.

10 MS. METZGER: Fine.

11 MS. WEISBURG: Fine.

12 MR. SWERGOLD: You've got to say, "Yes."

13 MR. FLYNN: Yes.

14 MR. SCHMIDT: Yes.

15 MS. METZGER: Yes.

16 MS. WEISBURG: Yes.

17 THE COURT: Okay, everybody has said yes or indicated
18 yes by their body language, and so there's an agreed cash
19 collateral use. I so order the record; and I'll enter the order
20 in a form that's acceptable to the lenders and to the debtor on
21 Monday.

22 MR. SWERGOLD: Thank you, Your Honor, and I thank you
23 again for moving Wednesday so that we didn't have to come in, in
24 the last torrential rain. And we needed the extra time to get
25 it done.

1 THE COURT: Obviously, you did need that time.

2 MR. SWERGOLD: And it was only knowing that we had to
3 get it done by a date-certain that we even got it done.

4 THE COURT: Fine.

5 MR. SWERGOLD: I'll also be contacted in the same way.
6 We don't need to do that now. I'll talk to everyone. I'll get
7 a date probably some time in September because I realized under
8 the monthly compensation order we're required to file fee-op for
9 the period through the end of July. So, we're all getting that
10 together. And we'll get a date in September.

11 THE COURT: Fine. You can contact my courtroom deputy
12 for that on Monday.

13 MR. SWERGOLD: I'll make sure it's good for everyone,
14 all right? And again, on behalf of everyone, Your Honor, I
15 thank you very much for your patience.

16 THE COURT: Fine. Very good. Have a good weekend,
17 everybody. We're adjourned.

18 (Whereupon, the matter was adjourned at this time.)

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CERTIFICATION

I, Rochelle Grant, certify that the foregoing is a correct transcript from the official electronic sound recording of the proceedings in the above-entitled matter.

Dated: December 23, 2007.

A handwritten signature in cursive script that reads "Rochelle V. Grant". The signature is written in black ink and is positioned above a horizontal line.

Signature of Approved Transcriber